

New Nonforfeiture Law for Annuities

The Office of the Insurance Commissioner (OIC) will not accept amendments to previously approved annuities for Substitute Senate Bill (SSB) 5793 changes.

The OIC will not accept amendments, riders or endorsements intended to enable previously approved annuities to reflect changes recently approved by the Legislature.

Provisions of SSB 5793, modifying the state's Standard Nonforfeiture Law (RCW 48.23.440), will take effect July 1, 2004.

There are major differences between the current nonforfeiture law, RCW 48.23.440 and the provisions that will take effect in July. Based upon these differences, the OIC will not accept amendments, riders or endorsements that seek to change a previously approved annuity by incorporating the changes allowed by SSB 5793. This means that new contracts must be filed for the company to take advantage of the changes to RCW 48.23.440.

To provide a level playing field, the OIC will first formulate procedures so that all filings will be evaluated using the same standards. This will take some time. The OIC anticipates having review standards finalized by early May and to begin reviewing filings and sending out either approvals or detailed disapproval letters at that time. Please check back with this site for updates. The issues are complex and the number of filings anticipated is large, the OIC will strive to provide a timely and consistent review of all filings.

In anticipation of a filing rush centered on the effective date of July 1, 2004 and to provide the best time service possible, the OIC will immediately begin accepting new contract filings based upon SSB 5793. These filings may be approved prior to July 1, 2004; however, if they are approved prior to July 1, 2004, they will have an effective date of July 1 and must not be used prior to that time.

The OIC anticipates a large influx of filings and asks your assistance in helping process them in a timely manner. Specifically:

- Please make certain you have reviewed the filing instructions on the OIC web page at www.insurance.wa.gov.
- Please review the changes to RCW 48.23.440 at www.leg.wa.gov/sl/5793-s2_sl.pdf.
- Please include with your filing a Contract Summary, WAC 284-23-330. Base the summary on a male, age 35 with a \$10,000 single premium payment and no subsequent payments.
- If the product has an equity indexed feature, include in the required Actuarial Memorandum "a demonstration that the present value of the additional reduction does not exceed the market value of the benefit," RCW 48.23.440(3).

For questions, please contact Alan A. Hudina, 360-725-7126 or email alanh@oic.wa.gov or Scott Henderson, 360-725-7125 or email scotth@oic.wa.gov